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FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C. 20429

FORM F-4

UNDER SECTION 13 OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR
THE QUARTER ENDED JUNE 30, 1992

FDIC Insurance Certificate No. 28038

FIDELITY SAVINGS BANK
(Exact name of bank as specified in its charter)

1009 Perry Highway, Pittsburgh, Pennsylvania 15237
(Address of principal executive offices)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

25-0846179
(IRS Employer identification No.)

(412) 367-3300
(Bank's telephone number, including area code)

Indicate the number of shares outstanding of each of the bank's classes of common stock, as of the latest practicable date:

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: Common Stock, par value $1.00 per share.

Number of shares outstanding at June 30, 1992: 1,097,699

Indicate by check mark whether the Bank (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Bank was required to file such reports): Yes X No ___ and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

The Bank has been subject to filing requirements since June 24, 1988 and has filed all reports that have been required since that date.

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FIDELITY SAVINGS BANK

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B

FIDELITY SAVINGS BANK
Statements of Financial Condition

Assets	September 30, 1991	June 30, 1992 (Unaudited)
Cash and amounts due from depository institutions	$ 2,618,479	$ 3,247,541
Interest-earning deposits with other institutions:		
Demand deposits	3,860,386	3,279,284
Certificates of deposit	11,082,000	4,554,000
Investment securities	18,961,407	55,894,887
Loans receivable, net	111,277,440	107,712,902
Mortgage-backed securities, net	34,046,884	70,290,887
Investment and mortgage-backed securities held-for-sale	--	--
Loans held-for-sale	--	590,000
Real estate owned, net	--	287,673
Federal Home Loan Bank stock - at cost	1,120,000	1,588,900
Accrued interest receivable, net:		
Loans	779,644	736,449
Mortgage-backed securities	252,671	720,198
Investments	310,796	417,201
Office premises and equipment, net	1,935,062	2,704,257
Goodwill and other intangible assets (Note 3)	--	1,166,394
Prepaid expenses and sundry assets	266,928	314,332
Total Assets	$186,511,697	$253,504,905
Liabilities and Net Worth		
Liabilities:		
Savings deposits (Note 3)	$161,395,445	$233,346,805
Federal Home Loan Bank advances	8,000,000	--
Advance deposits by borrowers for taxes and insurance	889,382	2,135,933
Accrued interest on savings and other deposits	122,071	341,773
Accrued income taxes payable	75,264	(22,799)
Other accrued expenses and sundry liabilities	713,397	1,513,239
Total Liabilities	171,195,559	237,314,951
Stockholders' equity (Note 5):		
Common Stock, $1.00 par value per share; 10,000,000 shares authorized; 977,720 and 1,097,699 shares issued and outstanding	977,720	1,097,699
Additional paid-in capital	4,352,135	5,334,181
Retained earnings - substantially restricted	10,084,595	9,832,584
Unrealized loss on marketable equity securities	(5,175)	--
Employee stock ownership plan debt	(93,137)	(74,510)
Total stockholders' equity	15,316,138	16,189,954
Total Liabilities and Stockholders' Equity	$186,511,697	$253,504,905

See accompanying notes to financial statements.

FIDELITY SAVINGS BANK
Statements of Income (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1991	1992	1991	1992
Interest Income:				
Loans	$ 2,921,724	$ 2,550,980	$ 8,758,323	$ 7,908,991
Mortgage-backed securities	677,994	1,412,028	1,747,777	3,922,465
Investment securities	356,368	642,195	1,094,510	2,078,028
Deposits with other institutions	214,728	158,033	688,802	670,694
Total interest income	4,170,814	4,763,236	12,289,412	14,580,178
Interest Expense:				
Savings deposits	2,547,304	2,949,833	7,793,106	9,063,068
Borrowed funds	161,319	10,250	316,696	221,635
Total interest expense	2,708,623	2,960,083	8,109,802	9,284,703
Net interest income before provision for loan losses	1,462,191	1,803,153	4,179,610	5,295,475
Provision for loan losses	65,000	105,000	646,100	315,000
Net interest income after provision for loan losses	1,397,191	1,698,153	3,533,510	4,980,475
Other income:				
Service fee income	34,793	28,160	83,286	82,326
Gain (loss) on sale of investment securities & mortgage-backed securities, net	(19,919)	33,474	60,089	15,798
Gain (loss) on trading account securities, net	(625)	--	(312)	--
Gain on sale of loans	--	17,354	--	29,211
Other operating income	81,430	84,981	199,744	243,564
Total other income	95,679	163,969	342,807	370,899
Operating expenses:				
Compensation, payroll taxes and fringe benefits	433,766	611,071	1,315,263	1,767,215
Office occupancy and equipment expense	71,637	127,716	208,651	419,986
Depreciation and amortization	67,262	81,057	197,882	220,098
Federal insurance premiums	83,226	108,975	237,623	303,785
(Gain) loss on real estate owned, net	(12,104)	(353)	(13,446)	(1,006)
Amortization of intangibles	--	66,022	--	154,052
Other operating expenses	209,155	293,791	678,639	952,128
Total operating expenses	852,942	1,288,279	2,624,612	3,816,258
Income before income tax provision	639,928	573,843	1,251,705	1,535,116
Income tax provision	273,800	239,000	575,800	638,000
Net Income	$ 366,128	$ 334,843	$ 675,905	$ 897,116
Net income per common share (Notes 2 & 5)	$ 0.34	$ 0.31	$ 0.63	$ 0.82
Dividends per common share (Note 5)	$ 0.06	$ 0.06	$ 0.18	$ 0.18

See accompanying notes to financial statements.

FIDELITY SAVINGS BANK
Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30, 1991	1992
Operating Activities:		
Net income:	$ 675,905	$ 897,116
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	646,100	315,000
(Gain) loss on real estate owned	(13,446)	(1,006)
Depreciation and amortization	197,882	220,098
Deferred loan fee amortization	(45,317)	(153,498)
Amortization of investment and mortgage-backed securities discounts/premiums, net	16,726	417,812
Amortization of intangibles	--	154,052
Net (gain) loss on sale of investment and mortgage-backed securities held-for-sale	(59,777)	(15,798)
Net gain on loans held-for-sale	--	(29,211)
Proceeds from sales of investment and mortgage-backed securities held-for-sale	2,840,847	2,002,983
Purchases of investment and mortgage-backed securities held-for-sale	(1,997,266)	(2,009,192)
Origination of loans held-for-sale	--	(1,700,866)
Proceeds from sales of loans held-for-sale	--	1,110,866
(Increase) Decrease in interest receivable	(37,818)	(530,737)
Increase (decrease) in accrued income taxes	(249,275)	(98,063)
Premium paid for branch acquisitions	--	(1,320,445)
Increase (Decrease) in interest payable	(21,152)	219,702
Other changes - net	351,229	156,623
Net cash (used) provided by operating activities	2,304,638	(364,564)
Investing Activities:		
Proceeds from sales of investment securities	1,000,000	--
Proceeds from maturities and principal repayments of investment securities	1,353,051	17,414,758
Purchases of investment securities	(5,259,557)	(54,687,606)
Net (increase) decrease in other interest-earning deposits with other institutions	2,772,000	6,528,000
Purchases of mortgage-backed securities	(16,046,710)	(45,795,708)
Proceeds from mortgage-backed securities principal repayments	2,161,147	9,478,436
Proceeds from sales of mortgage-backed securities	--	--
Principal repayments on first mortgage loans	7,314,778	15,566,615
Principal repayments on other loans	7,204,871	9,915,026
First mortgage loans originated and disbursed	(5,048,098)	(13,110,133)
Other loans originated	(9,785,581)	(9,059,214)
Additions to office premises and equipment	(88,575)	(989,293)
Net cash used by investing activities	(14,422,674)	(64,739,119)
Financing Activities:		
Net increase (decrease) in deposits	3,035,521	1,102,115
Purchase of branch deposits	--	70,849,245
Increase in advance payments by borrowers for taxes and insurance	1,126,242	1,246,551
Increase in reverse repurchase agreements	3,851,000	--

FIDELITY SAVINGS BANK
Statements of Cash Flows (Unaudited) (Cont'd.)

Decrease in reverse repurchase agreements	(3,851,000)	--
FHLB advance repayments	(1,500,000)	(8,000,000)
FHLB advances	9,500,000	--
Cash dividends paid	(175,989)	(177,993)
Stock options exercised	--	131,725
Net cash provided by financing activities	11,985,774	65,151,643
Increase (decrease) in cash and cash equivalents	(132,262)	47,960
Cash and cash equivalents at beginning of year	3,736,570	6,478,865
Cash and cash equivalents at end of year	$ 3,604,308	$ 6,526,825

Supplemental Disclosure of Cash Flow Information

Cash paid during the period for:		
Interest on deposits and other borrowings	$ 8,138,508	$ 9,454,547
Income Taxes	825,075	736,341

See accompanying notes to financial statements.

FIDELITY SAVINGS BANK
Statement of Changes in Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Loss on Marketable Equity Securities	Employee Stock Ownership Plan Debt	Total
Balance at September 30, 1990	$977,720	$4,352,135	$ 9,221,482	($37,890)	($117,973)	$14,395,474
Net income			675,905			675,905
Cash dividends paid at $.18 per share			(175,989)			(175,989)
Recovery of unrealized loss on marketable equity securities				15,499		15,499
Employee stock ownership plan debt repayment					18,627	18,627
Balance at June 30, 1991	$977,720	$4,352,135	$ 9,721,398	($22,391)	($ 99,346)	$14,929,516
Balance at September 30, 1991	$977,720	$4,352,135	$10,084,595	($ 5,175)	($ 93,137)	$15,316,138
Net income			897,116			897,116
Cash dividends paid at $.18 per share			(177,993)			(177,993)
10% Stock dividend on common stock	99,519	870,781	(970,300)			--
Cash paid on stock dividend in lieu of fractional shares			(834)			(834)
Recovery of unrealized loss on marketable equity securities				5,175		5,175
Employee stock ownership plan debt repayment					18,627	18,627
Stock options exercised	20,460	111,265				131,725
Balance at June 30, 1992	$1,097,699	$5,334,181	$ 9,832,584	$ --	($ 74,510)	$16,189,954

FIDELITY SAVINGS BANK
Notes to Financial Statements
(Unaudited)

September 30, 1991 and June 30, 1992

(1) Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with the instructions for Form F-4 and, therefore, do not include all the information or footnotes necessary for a complete presentation of financial condition, results of operations, changes in shareholders' equity, and changes in cash flow in conformity with generally accepted accounting principles. However, all adjustments, consisting only of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation have been included. The results of operations for the three and nine month periods ended June 30, 1992 are not necessarily indicative of the results which may be expected for the entire fiscal year.

Cash and cash equivalents include cash and amounts due from depository institutions, fed funds sold and the demand deposits portion of interest-earning deposits with other institutions.

(2) Earnings Per Share

The average number of shares used to calculate earnings per share for the three months ended June 30, 1991 and 1992 were 1,075,492 and 1,095,880, respectively. The average number of shares used to calculate earnings per share for the nine months ended June 30, 1991 and 1992 were 1,075,492 and 1,087,710, respectively. The average number of shares for fiscal 1991 has been restated to reflect the 10% stock dividend discussed in Note 5.

(3) Branch Acquisitions

On November 15, 1991, the Bank completed the acquisitions of its seventh and eighth offices, the Allison Park and Bloomfield branch offices formerly owned by Atlantic Financial Savings, F.A. Fidelity acquired these branch offices from the Resolution Trust Corporation (RTC) and, in connection therewith, assumed $63.4 million of deposits, purchased approximately $37,000 of savings account loans, and paid the RTC a premium of $1.2 million. In addition, the Bank had the option, which it exercised, to purchase from the RTC the Bloomfield branch office building, and furniture and fixtures in both branches for approximately $289,000.

On November 22, 1991, the Bank completed the acquisition of its ninth office by purchasing the Mt. Lebanon branch of Parkvale Savings Bank. Fidelity acquired approximately $26,000 of savings account loans, assumed $7.5 million of deposits and paid a premium of $165,000. In addition, the Bank purchased the branch office building and the furniture and fixtures for approximately $292,000.

(4) Charter Conversion

As of November 27, 1991 the Bank completed the conversion of its charter from a Pennsylvania-chartered permanent reserve fund stock savings association to a Pennsylvania-chartered stock savings bank. This conversion replaces the Office of Thrift Supervision (OTS) as the Bank's primary federal regulator with the Federal Deposit Insurance Corporation.

(5) Stock Dividend

On April 21, 1992 the Board of Directors declared a 10% stock dividend payable on May 8, 1992 to stockholders of record on May 1, 1992. All per share amounts have been restated to reflect this stock dividend.

FIDELITY SAVINGS BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of Financial Condition at September 30, 1991 and June 30, 1992

Total assets of the Bank increased $67.0 million or 35.9% to $253.5 million at June 30, 1992, from $186.5 million at September 30, 1991. Significant changes in individual categories were an increase in investment securities of $36.9 million or 194.8%, an increase in mortgage-backed securities of $36.2 million or 106.4%, a decrease of $7.1 million or 47.6% in interest-earning deposits with other institutions, and a decrease in loans receivable of $3.6 million or 3.2%. The increases result primarily from investing the cash received in the purchase of three branch offices in November 1991 (see Note 3 to the financial statements). The branch acquisitions also generated goodwill and other intangible assets which amounted to $1.2 million at June 30, 1992. These intangibles will generally be amortized on a straight-line basis over five years. The decrease in loans receivable reflects the generally higher level of prepayments of principal and refinancings that have occurred in this fiscal year due to the low interest rate environment that has existed.

Total liabilities of the Bank increased $66.1 million or 38.6% to $237.3 million at June 30, 1992 from $171.2 million at September 30, 1991. The increase primarily reflects an increase in savings deposits of $72.0 million or 44.6% resulting from the branch acquisitions discussed above, and an increase of $1.2 million or 140.2% in advance deposits by borrowers for taxes and insurance which is primarily a temporary increase reflecting the timing of tax and insurance payments. Partially offsetting these increases was an $8 million or 100.0% decrease in Federal Home Loan Bank advances outstanding.

Stockholder's equity increased $874,000 or 5.7% to $16.2 million at June 30, 1992 compared to $15.3 million at September 30, 1991. The increase reflects net income for the nine months ended June 30, 1992 of $897,000, a decrease of $5,000 or 100% in unrealized loss on marketable equity securities, a decrease of $19,000 or 20.0% in employee stock ownership plan debt, and an increase in common stock and additional paid-in capital of $132,000 resulting from stock options exercised. In addition, a 10% stock dividend was paid on May 8, 1992 which had the effect of increasing common stock and additional paid-in capital by $970,000 and reducing retained earnings by the same amount. Partially offsetting these factors was the payment of common stock cash dividends of $178,000 during the period.

Comparison of Results of Operations for the Three and Nine Month Periods Ended June 30, 1991 and 1992

Net Income

The Bank's net income for the three months ended June 30, 1992 decreased $31,000 or 8.5% to $335,000 as compared to $366,000 for the same period in fiscal 1991. Net income for the nine months ended June 30, 1992 increased $221,000 or 32.7% to $897,000 as compared to $676,000 for the same period in fiscal 1991. The decrease for the three months ended June 30, 1992 compared to the same period in fiscal 1991 reflects increases in the provision for loan losses and other operating expenses,

offset partially by increases in net interest income and other income and a reduction in the provision for income taxes. The increase for the nine months ended June 30, 1992, compared to the same period in fiscal 1991, reflects an increase in net interest income before provision for loan losses, a decrease in the provision for loan losses, an increase in other income and a decrease in the effective tax rate. Partially offsetting these favorable factors was an increase in operating expenses.

Significantly impacting fiscal 1992 operating results was the acquisition of three branch offices in November 1991 (see Note 3 to the financial statements). In addition to contributing to the increase in net interest income, these acquisitions also caused increases in both recurring and non-recurring expenses. Recurring expenses include items such as branch personnel cost, depreciation and maintenance costs. Non-recurring costs included computer system conversion costs, and the allocation by the RTC of certain resolution expenses. While Fidelity acquired the Allison Park and Bloomfield branch offices on November 15, 1991, the RTC required that all computer processing and back-office functions continue to be performed by them or their agents until February 7, 1992, when Fidelity was permitted to convert the accounts acquired to the Bank's computer system. During this interim period and a period of time thereafter Fidelity, and the ten other banks that acquired Atlantic Financial offices from the RTC, were allocated a proportionate share of the costs the RTC incurred to run the operation. This allocation of costs has now substantially ceased.

Interest Income

Interest on loans decreased $371,000 or 12.7% to $2.6 million and $849,000 or 9.7% to $7.9 million for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. For both periods, the decrease is attributable to a decrease in the average yield earned on the loan portfolio as well as a decrease in the average loan portfolio balance outstanding for the fiscal 1992 periods as compared to fiscal 1991. The decrease in yield reflects the generally lower interest rate environment existing in fiscal 1992.

Interest on mortgage-backed securities increased $734,000 or 108.3% to $1.4 million and $2.2 million or 124.4% to $3.9 million for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. The increase reflects an increase in the average balance of mortgage-backed securities owned in the fiscal 1992 periods as compared to fiscal 1991, partially offset by a decrease in the average yield earned on mortgage-backed securities in fiscal 1992 as compared to fiscal 1991. The increase in the average balance owned in the fiscal 1992 periods results primarily from investing a portion of the cash received from the branch acquisitions in mortgage-backed securities. The decrease in yield reflects the lower interest rate environment in fiscal 1992.

Interest on investment securities increased $286,000 or 80.2% to $642,000 and $984,000 or 18.9% to $2.1 million for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. The increases reflect an increase in the average balance of investment securities owned in the fiscal 1992 periods as compared to fiscal 1991, partially offset by decreases in the average yield earned on the securities. The increase in the average balance reflects the investment of a portion of the cash received from the branch acquisitions in investment securities.

Interest on deposits with other institutions decreased $57,000 or 26.4% to $158,000 and $18,000 or 2.6% to $671,000 for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. For the three month period ended June 30, 1992, as compared to the same period in fiscal 1991, the

decrease reflects lower yields earned on the deposits, as well as a decrease in the average balance of deposits with other institutions in the 1992 period. For the nine month period in fiscal 1992 as compared to fiscal 1991, the decrease reflects a decrease in yields earned, partially offset by an increase in the average balance of deposits with other institutions. A portion of the proceeds received from the branch acquisitions was also initially invested in deposits with other institutions thereby increasing the average balance for the nine months ended June 30, 1992.

Interest Expense

Interest on savings deposits increased $403,000 or 15.8% to $2.9 million and $1.3 million or 16.3% to $9.1 million for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. The increases reflect an increase in the average balance of savings deposits in the fiscal 1992 periods as compared to fiscal 1991, partially offset by decreases in the average cost of deposits. The increase in savings deposits in fiscal 1992 primarily results from the acquisition of three branch offices and approximately $70.9 million in deposits in November 1991.

Interest on borrowed funds decreased $151,000 or 93.6% to $10,000 and $95,000 or 30.0% to $222,000 for the three and nine month periods ended June 30, 1992, as compared to the same periods in fiscal 1991. The variance among periods reflects varying levels of advances outstanding from the Federal Home Loan Bank of Pittsburgh. Advances ranged from a high of $8 million outstanding during portions of fiscal 1991 and fiscal 1992 to no advances outstanding at June 30, 1992.

Net Interest Income before Provision for Loan Losses

The Bank's net interest income before provision for loan losses increased $341,000 or 23.3% to $1.8 million and $1.1 million or 26.7% to $5.3 million for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. The increase for both periods is primarily attributable to the increase in interest earning assets and liabilities and the resulting spread income earned due to the branch acquisitions completed in November 1991.

Provision for Loan Losses

The Bank's provision for loan losses was $105,000 for the three month period ended June 30, 1992, as compared to $65,000 for the same period in fiscal 1991. For the nine month period ended June 30, 1992, the provision was $315,000 compared to $646,000 for the same period in fiscal 1991. The increase in the provision for the three month period ended June 30, 1992 compared to the same period in fiscal 1991 reflects a continuing systematic provision for loan losses based on management's evaluation of current economic conditions, as well as an industry trend toward higher general loan loss reserves. This systematic provision is somewhat higher in fiscal 1992 than in fiscal 1991. The decrease in the nine month fiscal 1992 provision compared to the same period in fiscal 1991 reflects, among other things, one major factor. In the nine months ended June 30, 1991 a specific reserve of $400,000 was recorded related to a large loan placed on non-accrual status and written-off.

Other Income

Service fee income decreased $7,000 or 19.1% to $28,000 and $1,000 or 1.1% to $82,000 for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. The decrease for the three month period ended June 30, 1992, as compared to the same period in fiscal 1991, primarily reflects a

decrease in late charges on loans. The nine month results were comparable for fiscal 1991 and fiscal 1992.

Gain on sale of investment securities and mortgage-backed securities increased $53,000 to a gain of $33,000 and decreased $44,000 or 73.7% to a gain of $16,000 for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. The results for all periods reflect the sale of securities held-for-sale. These represent securities purchased for yield purposes, are designated as being in the held-for-sale category, and are valued at the lower of cost or market. Such securities can be sold at any time.

Loss on trading account securities was $1,000 for the three months ended June 30, 1991. Trading account activity for the nine months ended June 30, 1991 resulted in a break even position. The Bank has ceased all trading activity and there have been no trades executed during fiscal 1992.

Gain on sale of loans totalled $17,000 and $29,000 for the three and nine month periods ended June 30, 1992. During fiscal 1992, the Bank became an approved seller/servicer of Federal National Mortgage Association (FNMA) loans, and has begun a limited program to originate for sale to FNMA fixed-rate residential mortgage loans. Fiscal 1992 results reflect the sale of such loans to FNMA. There were no loan sales in fiscal 1991.

Other operating income includes miscellaneous sources of income which consist primarily of various fees related to checking accounts, fees from the sale of cashier's checks and money orders, and safe deposit box rental income. Such other operating income increased $4,000 or 4.4% to $85,000 and increased $44,000 or 21.9% to $244,000 for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. The increases in the fiscal 1992 periods, as compared to the same periods in fiscal 1991, primarily reflect increases in checking account fees, check printing charges and returned check charges. The Bank has experienced growth in its checking products and, combined with the deposit accounts acquired in the branch acquisitions, has seen increases in checking account related fees.

Operating Expenses

Compensation, payroll taxes and fringe benefits, the largest component of operating expenses, increased $177,000 or 40.9% to $611,000 and $452,000 or 34.4% to $1.8 million for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. Personnel costs associated with the three branch acquisitions in November 1991 was the most significant factor in the increased fiscal 1992 costs. Other factors contributing to the increase were normal salary increases, higher fringe benefit costs such as medical insurance, and the cost of temporary personnel utilized during the branch acquisition process to perform certain clerical functions.

Office occupancy and equipment expenses increased $56,000 or 78.3% to $128,000 and $211,000 or 101.3% to $420,000 for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. The increases for the fiscal 1992 periods compared to fiscal 1991 were caused partially by increased utilities and maintenance expenses resulting from increasing the branch network by three branches. In addition, the Allison Park branch acquired in November 1991 is rented, thus this expense is now included in fiscal 1992 results. Finally, the RTC allocated to Fidelity certain occupancy and data processing costs related to the branches acquired from them. These costs totalled approximately $110,000 from the

acquisition date in November 1991 through June 30, 1992. This allocation of costs has now substantially ceased.

Depreciation and amortization increased $14,000 or 20.5% to $81,000 and $22,000 or 11.2% to $220,000 for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. The increases reflect the Bank's expanded branch network in fiscal 1992.

Federal insurance premiums increased $26,000 or 30.9% to $109,000 and $66,000 or 27.8% to $304,000 for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991, due both to an increase in the deposit base and an increase in the rate of federal insurance premiums charged.

Net gain on real estate owned was $12,000 for the three months ended June 30, 1991 and was not significant for the same period in fiscal 1992. Net gain was $1,000 and $13,000 for the nine month periods ended June 30, 1992 and 1991, respectively. The results reflect the costs associated with the acquisition and disposition of properties during the periods. The Bank did not have a significant amount of real estate owned during these periods.

Amortization of intangibles was $66,000 and $154,000 for the three and nine month periods ended June 30, 1992, respectively. There was no intangible amortization in fiscal 1991. The fiscal 1992 amount reflects the amortization of the intangibles generated by the three branch acquisitions that occurred in November 1991. The intangibles will generally be amortized on a straight-line basis over five years.

Other operating expenses, which consist primarily of check processing costs, consulting fees, advertising, service charges, and other administrative expenses, increased $85,000 or 40.4% to $294,000 and $274,000 or 40.3% to $952,000 for the three and nine month periods ended June 30, 1992, respectively, as compared to the same periods in fiscal 1991. Significant increases in fiscal 1992 costs, as compared to the same periods in fiscal 1991, included advertising, check printing, stationary and supplies, and postage expenses. All of these costs were directly affected by the November 1991 branch acquisitions. In addition, computer consultants were employed to programmatically transfer the deposit account information for the acquired branches from the computer systems they were previously on to the Bank's system. Similar costs were not incurred in fiscal 1991.

Income Taxes

Income taxes decreased $35,000 or 12.7% to $239,000 and increased $62,000 or 10.8% to $638,000 for the three and nine month periods ended June 30, 1992, respectively, compared to the same periods in fiscal 1991. The decrease for the three month period ended June 30, 1992, as compared to the same period in fiscal 1991 reflects decreased profitability as well as a slight decrease in the effective tax rate for the period from 42.8% in fiscal 1991 to 41.6% in fiscal 1992. The increase for the nine month period reflects increased profitability, partially offset by a decrease in the effective tax rate for the 1992 period to 41.6% from 46.0% in fiscal 1991.

Capital Requirements

The FDIC has amended its leverage ratio requirements (effective April 10, 1991) to require that core capital equal to 3% be required for the most highly rated banking organizations and that all other banking organizations would be required to maintain levels 100 to 200 basis points higher based on their particular circumstances. At June 30, 1992, the Bank's leverage ratio was 5.91%.

In March 1989, the FDIC adopted a risk-based capital rule which applies to all state-chartered banks that are not members of the Federal Reserve System ("state non-member banks", such as the Bank. The rule requires state non-member banks to maintain minimum capital levels based upon a weighing of their assets according to risk. Effective December 31, 1990, state non-member banks are required to maintain a ratio or qualifying total capital to risk-weighted assets and off-balance sheet items of a minimum of 7.25%. By the end of 1992, such banks will be required to maintain qualifying capital equal to 8% of their risk-weighted assets and off-balance sheet items. At June 30, 1992, the Bank's total capital to risk-weighted assets ratio, calculated under the FDIC risk-based capital requirement, was 12.6%.

Liquidity

The Savings Bank is required to maintain a daily average of liquid assets (cash, certain time deposits, corporate debt securities and commercial paper, securities of certain mutual funds, banker's acceptances, and specified United States government, state or federal agency obligations), equal to at least 5% of the average daily balance of its net withdrawable savings deposits plus short-term borrowings. This liquidity requirement may be changed from time to time by the FDIC to any amount within the range of 4% to 10% and is currently 5%. Short-term liquid assets currently must consist of 1% of the liquidity base. Monetary penalties may be imposed for failure to meet liquidity requirements. The Savings Bank's average daily liquidity ratio for June 1992 was 12.05% and its short-term liquidity ratio at June 30, 1992 exceeded the applicable regulatory requirement. The Savings Bank has consistently maintained liquidity levels in excess of FDIC requirements in recent years.

The Bank's primary sources of funds have historically consisted of deposits, amortization and prepayments of outstanding loans, borrowings from the FHLB of Pittsburgh and other sources, including sales of investment securities and, to a limited extent, loans. At June 30, 1992, the total of approved loan commitments amounted to $2.0 million. In addition, the Bank had $2.1 million of undispersed loan funds at that date. The amount of savings certificates which mature during the next twelve months totals approximately $90.7 million, a substantial portion of which management believes, on the basis of prior experience, will remain in the Bank.

Classification of Assets

Under current federal regulations, an institution's problem assets are subject to classification according to one of three categories: "substandard," "doubtful," and "loss." For assets classified "substandard" and "doubtful," the institution is required to establish prudent general loan loss reserves in accordance with generally accepted accounting principles. Assets classified "loss" must be either completely written off or supported by a 100% specific reserve. A classification category designated "special mention" also must be established and maintained for assets not currently requiring classification but having potential weaknesses or risk characteristics that could result in future problems. An institution is required to develop an in-house program to classify its assets, including investments in subsidiaries, on a regular basis and set aside appropriate loss reserves on the basis of such classification. At June 30, 1992, the Savings Bank's classified assets totalled $4.9 million. Non-performing loans totalled $937,000 at June 30, 1992 compared to $750,000 at September 30, 1991. The Bank has real estate owned at June 30, 1992 of $288,000. Non-performing loans at June 30, 1992 consisted of seven single-family residential real estate loans totalling $347,000, one commercial real estate loan totalling $455,000, and eight installment and commercial business loans totalling $123,000. Real estate owned consisted of one single-family residence and one six-unit residential property.

Part II - Other Information

Item. 1 Legal Proceedings

The Bank is not involved in any pending legal proceedings other than non-material legal proceedings undertaken in the ordinary course of business.

Item 2. Changes in Securities
None

Item 3. Defaults Upon Senior Securities
Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K
None

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIDELITY SAVINGS ASSOCIATION

Date: August 7, 1992

By: /s/ William L. Windisch
William L. Windisch
President and Chief Executive Officer

Date: August 7, 1992

By: /s/ Richard G. Spencer
Richard G. Spencer
Vice President and Chief Financial Officer